

Message Text

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PAGE 01 BUDAPE 00731 181049Z

ACTION EB-08

INFO OCT-01 EUR-12 IO-13 ISO-00 AGRE-00 CEA-01 CIAE-00

COME-00 DODE-00 FRB-03 H-01 INR-10 INT-05 L-03

LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05 SS-15

STR-07 ITC-01 TRSE-00 USIA-06 SP-02 SOE-02 OMB-01

DOE-11 DOEE-00 (ISO) W

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P R 180959Z FEB 78

FM AMEMBASSY BUDAPEST

TO SECSTATE WASHDC PRIORITY 719

INFO USMISSION GENEVA

C O N F I D E N T I A L BUDAPEST 731

USMTN: PLS PASS DAS BARRACLOUGH

E.O. 11652: GDS

TAGS: EEWT, HU

SUBJECT: U.S.-HUNGARIAN TRADE NEGOTIATIONS

1. HUNGARIAN MINISTRY OF FOREIGN TRADE HAS PROVIDED SEVERAL PROPOSED REVISIONS TO DRAFT TRADE AGREEMRNT. THESE ARE: ADDITION OT PREABLE; REVISED PARAGRAPHS 3-5 OF ARTICLE III BIS; REVISED ARTICLE 7 PARA 1; AND REVISED ANNEX PARA 1(A). TEXT OF REVISIONS FOLLOWS.

2. REVISION TO PREABLE COMSISTS OF AN ADDITION TO PARAGRAPH 5 AS FOLLOWS: (BEGIN TEXT) ACKNOWLEDGING THAT FAVORABLE CONDITIONS, (BEGIN ADDITION) BUSINESS FACILITIES AS WELL AS ECONOMIC AND COMMERCIAL INFORMATION EXIST IN BOTH COUNTRIES (END ADDITION) FOR THE FURTHER LONG-TERM EXPANSION OF TRADE AND ECONOMIC RELATIONS BETWEEN THE TWO COUNTRIES TO THEIR MUTUAL ADVANTAGE; AND (END TEXT).

3. REVISED PARAGRAPHS 3-5 OF ARTICLE III BIS FOLLOW:
(BEGIN TEXT) 3. EACH PARTY SHALL PERMIT EMPLOYEES
CONFIDENTIAL

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PAGE 02 BUDAPE 00731 181049Z

OF FIRMS, ENTERPRISES AND COMPANIES OF THE OTHER PARTY WHICH MAINTAIN OFFICES TO RESIDE IN ITS TERRITORY ALONG WITH THEIR FAMILIES SUBJECT TO ITS LAWS AND REGULATIONS APPLICABLE TO THE ENTRY AND SOJOURN OF ALIENS. BUSINESS REPRESENTATIVES SHALL BE PERMITTED TO SECURE HOUSING AND OFFICE FACILITIES IN ACCORDANCE WITH THE RESPECTIVE REGULATIONS IN FORCE.

4. FIRMS, ENTERPRISES AND COMPANIES OPERATING
COMMERCIAL REPRESENTATIONS MAY HIRE AND TERMINATE THE
EMPLOYMENT OF NATIONALS OF THE HOST COUNTRY OR OF THIRD
COUNTRIES IN ACCORDANCE WITH LAWS AND REGULATIONS IN
FORCE IN THE HOST COUNTRY. PERSONS OTHER THAN LOCAL
NATIONALS MAY BE EMPLOYED IN ACCORDANCE WITH LAWS APPLICABLE
TO THE ENTRY AND SOJOURN OF ALIENS.

5. REPRESENTATIVES SHALL BE PERMITTED TO IMPORT
OFFICE EQUIPMENT AND AUTOMOBILES FOR THE OPERATION OF THE
OFFICES, SUBJECT TO APPLICABLE CUSTOMS REGULATIONS. IN
THE EVENT THAT THE FIRMS, ENTERPRISES AND COMPANIES OF
EITHER PARTY TERMINATE THE OPERATION OF A COMMERCIAL
REPRESENTATION, REPRESENTATIVES SHALL BE PERMITTED TO
EXPORT EQUIPMENT PROPERLY IMPORTED UNDER THIS ARTICLE.
(END TEXT)

4. REVISED PARAGRAPH 1 OF ARTICLE VII FOLLOWS:
(BEGIN TEXT) THE PARTIES AGREE TO CONSULT PROMPTLY
AT THE REQUEST OF EITHER PARTY WHENEVER EITHER ACTUAL
OR PRESPECTIVE IMPORTS CAUSE OR THREATEN TO CAUSE OR
SIGNIFICANTLY CONTRIBUTE TO MARKET DISRUPTION. MARKET
DISRUPTION EXISTS WITHIN A DOMESTIC INDUSTRY WHENEVER
IMPORTS OF AN ARTICLE, LIKE OR DIRECTLY COMPETITIVE
WITH AN ARTICLE PRODUCED BY SUCH DOMESTIC INDUSTRY,
ARE INCREASING RAPIDLY, EITHER ABSOLUTELY OR RELATIVELY,
SO AS TO BE A SIGNIFICANT CAUSE OF MATERIAL INJURY, OR
CONFIDENTIAL

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PAGE 03 BUDAPE 00731 181049Z

THREAT THEREOF, TO SUCH DOMESTIC INDUSTRY. (END TEXT)

5. REVISED PARAGRAPH 1/A/ TO ANNEX 1 FOLLOWS:
(BEGIN TEXT) IN THE CONSULTATIONS PROVIDED FOR UNDER
ARTICLE VII THE PARTIES SHALL PRESENT AND EXAMINE THE
FACTORS RELATING TO THOSE IMPORTS THAT MAY BE CAUSING,
OR THREATENING TO CAUSE, OR SIGNIFICANTLY CONTRIBUTING
TO MARKET DISRUPTION, SO AS TO BE A SIGNIFICANT CAUSE OF
MATERIAL INJURY, WITH A VIEW TO ARRIVE AT MUTUAL UNDER-
STANDING ON THE EXISTENCE OR DANGER OF MARKET DISRUPTION,
AND ON THE MEASURES TO BE IMPLEMENTED IN ORDER TO PREVENT
OR REMEDY SUCH MARKET DISRUPTION. THEY SHALL TAKE DUE
ACCOUNT OF ANY CONTRACTS BETWEEN NATIONALS,
FIRMS AND ECONOMIC ORGANIZATIONS (SIC) OF THE TWO COUNTRIES
CONCLUDED PRIOR TO THE REQUEST FOR CONSULTATIONS AND SHALL
SEEK NOT TO IMPAIR UNREASONABLY RIGHTS OF IMPORTERS AND
EXPORTERS UNDER SUCH CONTRACTS. SUCH CONSULTATIONS
SHALL PROVIDE FOR A REVIEW OF THE PRODUCTION, MARKET,
AND TRADE SITUATION OF THE PRODUCT INVOLVED AND MAY
INCLUDE SUCH FACTORS AS TRENDS IN DOMESTIC PRODUCTION,
PROFITS OF FIRMS WITHIN THE INDUSTRY, THE EMPLOYMENT
SITUATIONS, SALES, INVENTORIES, RATES OF INCREASE OF

IMPORTS, MARKET SHARE, LEVEL AND PRICES OF IMPORTS,
SOURCES OF SUPPLY, THE SITUATION OF THE EXPORTER AND
ANY OTHER ASPECT WHICH MAY CONTRIBUTE TO THE EXAMINATION
OF THE SITUATION. IN THE CONSULTATIONS THE PARTNERS
SHALL TAKE DUE ACCOUNT WHETHER NEWLY MARKETING OR WELL
ESTABLISHED PRODUCTS ARE INVOLVED, THE MERE APPEARANCE
OF A NEW PRODUCT OR PRODUCTS ON THE MARKET MAY NOT BE
NECESSARILY INTERPRETED AS SIGNIFICANT CAUSE OF MATERIAL
INJURY OR SIGNIFICANTLY CONTRIBUTING TO MARKET DISRUPTION.
SUCH CONSULTATIONS SHALL BE INITIATED PROMPTLY AND
CONCLUDED WITHIN NINETY DAYS OF THE REQUEST, UNLESS
OTHERWISE AGREED. (END TEXT).
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